

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Advisory Branch

RESOLUTION W-4259

March 27, 2001

R E S O L U T I O N

**(RES. W-4259), PENNGROVE WATER COMPANY (PWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$20,671 OR 6.66%
ADDITIONAL REVENUE.**

SUMMARY

By Advice Letter No. 45, filed January 23, 2001, PWC seeks revision of tariff schedules No. P-1, Metered Service, and No. CM-1, Metered Service, to provide an increase in rates to reflect an offset in operating costs. This resolution authorizes PWC to increase rates by \$20,671 or 6.66% to recover additional labor costs. The revenue increase recovers only the added costs and will not increase profits or effect the rate of return last authorized for PWC.

BACKGROUND

PWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates in order to offset its cost of hiring a permanent part-time Grade II Certified Operator on January 2, 2001. Growth of the company in terms of customers, structural system components and reporting requirements creates the need for increased labor.

The present rates for Schedule P-1 became effective November 7, 2000, pursuant to Res. W-4231, dated November 2, 2000, which authorized increase rates for water service of \$4,057 or 1.3% to offset additional purchased water expenses from the Sonoma County Water Agency (SCWA). The present rates for Schedule CM-1 became effective on June 13, 2000 pursuant to Res. W-4192, dated June 8, 2000 which authorized an offset rate increase producing an additional annual revenue of \$14,544 or 5% in its Penngrove Service District, and \$27,874 or 111% in its Canon Manor Service District, spread over a 3-year period in increments of approximately 78%, 16.5% and 16.5% per year. PWC serves about 508 metered customers in Sonoma County.

NOTICE AND PROTESTS

Notice of the proposed increase was published in the local Press Democrat Newspaper on January 20, 2001. No protest letters were received.

DISCUSSION

Maintenance, customer service in the field, monitoring and on-call coverage, meter reading, plus regulatory compliance and reporting now require hiring this well qualified employee. Since 1991, PWC has added one tank at 212,000 gallons of storage capacity, two booster pumps, 5.5 miles to the distribution system, 112 new customers and requirements to test for 75 additional chemical constituents. PWC presently serves approximately 508 metered rate customers in the unincorporated areas known as Penngrove and Canon Manor in Sonoma County.

The total cost of this new employee is \$32,812. The additional labor will be used by PWC and Kenwood Village Water Company, the two water utilities owned by the parent company, Altos Sonoma Corporation. The additional labor cost will be apportioned according to each company's percent of the total number of connections: 63% for PWC (508/805) or \$20,671 and 37% for Kenwood Village Water Company (297/805) or \$12,140.

This permanent part-time laborer works 6 hours per day for 4 days a week or 104 hours per month. The beginning hourly wage is \$18.00 for the first four months and then increases to \$20.00 per hour for the remaining eight months for the first year's costs.

The proposed rate design establishes two-thirds of the increase upon the cost of service charge and the remaining one-third onto the commodity charge. The proposed rate design submitted by the company did not use the Branch rate design policy of service charge allocation by meter size. Branch and company agreed to redesign the new rate structure pursuant to D.85-06-064 and the ensuing Memorandum from the Branch dated January 18, 1991 for the cost of service portion.

The monthly bill for the average customer of PWC's Schedule No. P-1, who is on the 5/8-inch schedule will rise approximately \$2.92 or 5.16%. The monthly bill for the average customer of PWC's Schedule No. CM-1 on the 5/8-inch schedule will rise approximately \$5.04 or 9.42%.

FINDINGS

THE COMMISSION finds, after investigation by the Branch, that:

1. The rate increase proposed by the Branch is just and reasonable to recover the costs associated with increased labor costs.

THEREFORE IT IS ORDERED THAT:

1. Pennngrove Water Company is authorized to file a supplemental advice letter to incorporate the rate schedules attached to this resolution as Appendix A, and concurrently to cancel its presently effective rate schedules Nos. P-1, Metered Service, and CM-1, Metered Service. The effective date of the revised rate schedules shall be five days after the date of this resolution.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 27, 2001 the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners

APPENDIX A RATES

Penngrove Water Company Advice Letter 45 Ratebase Offset

Schedule No. P-1 METERED SERVICE

APPLICABILITY

Applicable to all metered water service

TERRITORY

Penngrove and vicinity, Sonoma County.

RATES

Quantity Rates:

All Water, per 100 cu. ft. \$3.017 (I)

Service Charges:

	<u>Per Meter</u>	
	<u>Per Month</u>	
For 5/8 x 3/4-inch meter	\$20.48	(I)
For 3/4-inch meter	29.04	|
For 1-inch meter.....	42.34	|
For 1.5-inch meter.....	59.16	|
For 2-inch meter.....	81.56	|
For 3-inch meter.....	148.76	|
For 4-inch meter.....	215.95	(I)

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service, and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee as set forth in Schedule No. UF.

Appendix A Rates (continued)

Penngrove Water Company
Advice Letter 45 Ratebase Offset

Schedule No. CM-1
METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

Canon Manor and vicinity, Sonoma County.

RATES

Quantity Rates:				
	4/01/01-6/12/01		6/13/01-6/12/02	
	Per Meter		Per Meter	
	<u>Per Month</u>		<u>Per Month</u>	
First 500 cu.ft. per 100 cu.ft.	1.412 (I)	.....	1.412	..... 1.412
Over 500 cu.ft. per 100 cu.ft.	2.003 (I)	.....	2.003	..... 2.003
Service Charges:				
For 5/8 x 3/4-inch meter	\$21.03 (I)	.....	\$26.22 (I)	..... \$31.42 (I)
For 3/4-inch meter	38.45 |	.....	45.22 |	..... 54.21 |
For 1-inch meter	46.44 |	.....	57.76 |	..... 59.28 |
For 1.5-inch meter.....	68.29 |	.....	84.93 |	..... 101.86 |
For 2-inch meter	95.60 |	.....	118.90 |	..... 142.61 |
For 3-inch meter	117.55 |	.....	220.81 |	..... 264.84 |

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service, and to which is added the charge for water used computed at the Quantity Rate.

SPECIAL CONDITIONS

1. All bills are subject to the reimbursement fee as set forth in Schedule No. UF.